



September 14, 2004

Former physician is sentenced for diluting vaccines; also faces sentencing today for diverting prescription samples to a pharmacy

A federal judge today sentenced **Wallace Gonsalves, Jr.**, a former physician who practiced in Cranston, to ten years in federal prison – the statutory maximum – for diluting vaccines administered to immigrant patients. Gonsalves, 63, is scheduled to be sentenced later today by another judge for a separate set of offenses related to diverting free prescription samples to a pharmacy for sale in prescriptions.

The Office of the United States Attorney announced this morning's sentence, which Senior U.S. District Court Judge Ronald R. Lagueux imposed in U.S. District Court, Providence. Judge Lagueux also fined Gonsalves \$465,000 and ordered him to make a total of \$465,000 in restitution to 627 patients to whom he administered diluted vaccines.

Judge Lagueux relied on federal sentencing guidelines in imposing the statutory maximum of ten years. He agreed with arguments put forth by Assistant U.S. Attorney's Luis M. Matos and Lisa Dinerman that Gonsalves abused a position of trust when he diluted vaccines and that he preyed on vulnerable victims – immigrants who needed vaccines and immunization reports to attain permanent residency status in the United States. He also found that Gonsalves had obstructed justice by lying on the witness stand during his trial when he denied any knowledge of the diluted vaccines.

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Judge Lagueux called Gonsalves a “tax cheat and a fraud,” and a “disgrace to the medical profession,” who was “motivated by sheer greed” when he diluted the vaccines. Judge Lagueux noted that Gonsalves cheated only his immigrant patients, directing his staff to administer full strength vaccines to those he called his “regular” or non-immigrant patients.

Vaccine dilution

Gonsalves maintained a practice at 1596 Broad Street, Cranston, that included examining and vaccinating immigrant patients. In March a trial jury found that Gonsalves diluted vaccines that were administered to those patients for measles, mumps, rubella, and for the varicella virus. Evidence presented to the jury also showed that Gonsalves directed his staff to falsify reports to the INS about the vaccines and about tests that had been purportedly performed on patients for HIV and syphilis.

The jury found Gonsalves guilty of 31 charges: two counts of tampering with a consumer product, two counts of adulterating a drug, 23 counts of making a materially false statement to a federal official, two counts of tax evasion and two counts making false statements on an income tax return.

Diversion of prescription samples

U.S. District Court Judge Mary M. Lisi is scheduled to sentence Gonsalves later today for diverting prescription samples. At the plea hearing in July on the diversion case, Assistant U.S. Attorneys Luis M. Matos and Lisa Dinerman said that the government had proof that, between July 2000 and August 2002, Gonsalves regularly sold codefendant Anthony Albanese promotional prescription drug samples that manufacturers had given to the doctor. It is illegal under federal law to divert the samples for sale because drug manufacturers lose their ability to control the quality of prescription drugs sold in pharmacies.

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Cameron's Pawtuxet Pharmacy

Albanese, who also pleaded guilty and is awaiting sentence, owns Cameron's Pawtuxet Pharmacy at 2206 Broad Street, Cranston. He admitted that mixed the samples that he received from Gonsalves with regular stock for inclusion in prescription sales. From among more than 300,000 free pills that he received between July 2000 and August 2002, Gonsalves sold Albanese a variety of drugs, including Avandia, Prilosec, Vioxx, Lipitor, Clebrex, and Paxil. Cameron's sold 209,797 of the sample pills in prescriptions and then illegally received \$431,410.62 from health insurers by filing fraudulent reimbursement claims for prescriptions containing the samples.

Gonsalves pleaded guilty to three charges in connection with this conduct: conspiracy to sell drug samples, unlawful sale of drug samples, and health care fraud. Albanese pleaded guilty to those three offenses plus money laundering. Albanese is free on unsecured bond pending sentencing. Gonsalves has been detained at the Wyatt Federal Detention Center, Central Falls, since the jury verdict on the dilution case in March.

The following agencies participated in the Gonsalves investigations: the **U.S. Food and Drug Administration, Office of Criminal Investigations**; the **U.S. Department of Health and Human Services, Office of Inspector General, Office of Investigations**; the **U.S. Immigration and Customs Enforcement** (formerly the Immigration and Naturalization Service), the **U.S. Postal Inspection Service**; the **Internal Revenue Service, Criminal Investigations**; the **Rhode Island Attorney General's Medicaid Fraud Control Unit**; and the **Rhode Island Department of Health**, and the North Providence Police Department.

Assistant U.S. Attorney's Matos and Dinerman prosecuted both cases.

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